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Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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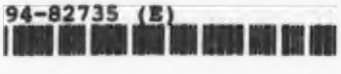

The meeting was called to order at 3.30 p.m.

AGENDA ITEM 122: FINANCING OF THE UNITED NATIONS PROTECTION FORCE (A/49/540 and Add.1 and A/49/753)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the Secretary-General's proposals on the financing of the United Nations Protection Force (UNPROFOR) for the period from 1 October 1994 to 31 March 1995 (A/49/753) said that, when the General Assembly had considered the cost estimates for the period ending 30 September 1994, it had decided to request the Secretary-General to present a performance report for the period ending 31 March 1994. It had also requested a review of the auditing requirements for UNPROFOR as well as the Secretary-General's proposals with regard to civilian staff. The Advisory Committee had discussed the Secretary-General's report, bearing that request in mind. It had, moreover, visited UNPROFOR at the beginning of July 1994.

2. With regard to the section of the report on financial performance for the period from 1 July 1993 to 31 March 1994 (paras. 11-23), the Advisory Committee had noted a number of problems relating to budget planning and procurement. It trusted that those problems would be addressed so as to correct the shortcomings which it had identified.

3. Referring to paragraphs 24 and 25 of the report, concerning expenditure for the period from 1 April to 30 September 1994, he said that the General Assembly had appropriated an amount of $850 million gross for that period; however, preliminary information indicated that an unencumbered balance of $81 million was forecast and that, of that amount, $57.6 million related to procurement and other services for which resources would be rebudgeted for the period from 1 October 1994 to 31 March 1995. As for the cost estimates for the period from 1 October 1994 to 31 March 1995, the Secretary-General had requested an amount of $997.7 million, an increase of $147.7 million, or 17.4 per cent over and above the appropriation authorized by the General Assembly for the period ending 30 September 1994.

4. One question that had been considered at length was the Secretariat's review of the civilian staffing proposals. In his earlier report on the financing of UNPROFOR (A/48/690/Add.3), the Secretary-General had requested 6,600 posts for the period ending 30 September 1994. The Advisory Committee had made a number of observations regarding the justification of the posts and the General Assembly, in its resolution 48/238 B, had requested a review of the staffing proposals. Currently, the Secretary-General was requesting a total of 6,300 posts. While the Advisory Committee had difficulty understanding the step-by-step methodology used by the Secretary-General in arriving at those figures, it had not recommended an overall reduction of posts. It had, however, proposed a cap on the number of international contractual personnel, recommending that 1,500 positions should be authorized as against the Secretary-General's proposal for 2,108. In making that recommendation, the Advisory Committee had borne in mind a number of the recommendations in its report on the

administrative and budgetary aspects of the financing of the United Nations peace-keeping operations (A/49/664).

5. In his latest report (A/49/540 and Add.1), the Secretary-General had proposed an amount of $293,335,300 for procurement and other services. After considering that proposal at length, the Advisory Committee had considered it unlikely, in view of the lengthy procurement process, that the entire amount would be committed during the period from 1 October 1994 to 31 March 1995, and, taking into account an amount of $57.6 million relating to the period ending 30 September 1994 that had been reprogrammed for the period from 31 October 1994 to 31 March 1995, it had recommended that an amount of $55 million should be deferred (A/49/753, para. 49).

6. Referring to the auditing requirements for UNPROFOR (paras. 54 to 57), he said that the Advisory Committee welcomed the Secretary-General's proposals in that regard and considered that the number of resident auditors should be kept under review.

7. In conclusion, he said that the Advisory Committee recommended an appropriation of $927.8 million gross ($921.9 million net) for the period from 1 October 1994 to 31 March 1995. It also recommended that, for the period beginning 1 April 1995, the Secretary-General should be authorized to enter into commitments not to exceed $134,731,500 gross ($133,702,200 net).

8. Mr. TAKASU (Controller), introducing the report of the Secretary-General (A/49/540 and Add.1), said that the current mandate of UNPROFOR had been extended until 31 March 1995, and that the Secretariat had therefore presented a budget covering the period from 1 October 1994 to 31 March 1995. The performance report covered an earlier mandate period, from 31 July 1993 to 31 March 1994.

9. For the months of October and November 1994, the General Assembly had authorized commitment of a total of $280 million gross and for December 1994, a maximum of $140 million gross had been approved. However, while a total of $420 million had been authorized, only $280 million gross had been assessed. There was, moreover, a total unencumbered balance of $4.9 million from the period from 31 July 1993 to 31 March 1994, which could be used as an offsetting element.

10. With regard to the cost estimate for the period from 1 October 1994 to 31 March 1995, the Secretary-General, after taking into account voluntary contributions, requested a total appropriation of $992,688,900 gross. That estimate was based on certain assumptions regarding force strength, civilian police and international staff. It was estimated that by the end of March 1995 the maximum force strength would be 44,216.

11. The Secretariat had earlier requested a total of 6,600 posts, including international contractual personnel and other categories of staff. In response to General Assembly resolution 48/238 B, the Secretariat had endeavoured to reduce the number of staff and had now provided a revised staffing table of 6,300 posts. In calculating costs, vacancy factors ranging from 35 to

15 per cent had been used and in the case of international contractual personnel, a 20 per cent vacancy factor had been included to reflect actual numbers. The budget submission also provided for the balance of vehicles, accommodation containers and other equipment required in connection with the enlargements of the Force's mandate authorized by the Security Council in its resolutions 908 (1994) and 914 (1994).

12. As for the current financial situation of UNPROFOR, outstanding contributions by Member States totalled $673 million. With regard to troop costs and reimbursement for contingent-owned equipment, the Secretariat had done everything possible to accelerate payments to troop-contributing countries; while troop costs had been reimbursed to the end of September 1994, they could not be reimbursed for October because of insufficient cash. As to contingent-owned equipment, preliminary estimates indicated that from the beginning of the mission to the end of 1993, payments totalling $154 million had been made.

13. After examining the Secretary-General's proposals, the Advisory Committee recommended a reduced appropriation in the amount of $927,779,200 gross for the current mandate period. In that connection, the Secretariat took note of the Advisory Committee's comments concerning shortcomings in the budget presentation, and would try to remedy them.

14. With regard to international contractual personnel, the Secretariat had requested a total of 2,108 posts for such staff out of the total of 6,300 civilian posts. If a 20-per-cent vacancy factor was applied to that figure the result would be 1,684 posts, of which almost 1,500 had been filled. The Advisory Committee recommended that the number of international contractual personnel should not exceed 1,500, pending review. If that recommendation was accepted, an alternative might have to be found in order to provide UNPROFOR with the technical support it required. Without adequate transitional measures, the operational capacity of UNPROFOR would be seriously affected. He requested that, pending review, the Committee should authorize the Secretariat to proceed with the recruitment of additional international contractual staff which was already under way.

15. The delay in procurement was due to several factors, including the fact that the situation in the area of operation was continually in flux, that the Security Council had frequently extended the mandate of UNPROFOR and that financial authority had been granted for a very short period, which made it difficult to plan ahead and to estimate requirements. The Secretariat endorsed and appreciated the Advisory Committee's recommendation that every effort should be made to improve the planning and procurement process. The Secretariat was conducting a study on how forward planning could be introduced when full financial authority had not yet been granted. The length of time for which financial authority should be granted was one of the issues that should be considered in the context of the streamlining of budgetary procedures.

16. In conclusion, he said that, the Secretariat accepted the ACABQ recommendation, for the current period from 1 October 1994 to 31 March 1995, of a total appropriation of $927,779,200 gross, including the $280 million already appropriated and assessed and an additional appropriation of $647,779,200 gross,

to be offset by the unencumbered balance of $4,942,780 gross that had been reported. Moreover, it requested that the Secretary-General should be authorized to enter into commitments beyond 31 March 1995, subject to the conditions outlined, and that a decision should be taken to establish the financial period as one year, adjustable to different cycles, as in the case of procurement.

17. Mr. BEISSEL (Department of Peace-keeping Operations), referring to the recommendation by ACABQ in paragraph 42 of its report (A/49/753) that the total number of international contractual personnel in UNPROFOR should not exceed 1,500, said that UNPROFOR was a unique United Nations operation in that three quarters of its military logistic functions were carried out by civilian, and not military, personnel. A limitation on the number of civilian personnel could therefore impede the mission's ability to support the military personnel provided by troop-contributing countries. The Secretariat accordingly requested the Committee to wait for the evaluation called for by ACABQ before taking a decision on the issue. He pointed out, moreover, that UNPROFOR had already exceeded the proposed civilian staff limitation by 300 and that any new contractual arrangements would entail unauthorized expenditure. In any event, the Secretariat was working hard to address the issues and hoped that the question of numbers would not be prejudged.

18. Mr. BOIN (France) said that his delegation was seriously concerned about the tight deadlines set for the Committee to react to the report of ACABQ, which had only been distributed earlier that same day. The financing of UNPROFOR accounted for some $2 billion out of the regular budget and the issue therefore needed painstaking scrutiny and referral to capitals. His delegation wished to raise certain questions about the report and hoped that answers could be provided during the informal consultations on the item. He also noted that, given the large scale of UNPROFOR, his questions were also relevant to agenda item 132, on the administrative and budgetary aspects of the financing of the United Nations peace-keeping operations as a whole.

19. With reference to paragraph 10 of the report, his delegation was concerned about the Advisory Committee's uncertainty as to the basis on which the provisions had been computed and it would revert to that issue both during the informal consultations and under agenda item 132. It was also concerned about the information provided by the Controller that only $154 million had been paid, representing a progress payment covering the period up to the end of 1994 only.

20. In addition, he wondered whether the question of overexpenditure mentioned in paragraph 15 of the Advisory Committee's report indicated shortcomings in budgetary controls. In that context, his delegation was keenly interested in the recommendation in paragraph 22 that consideration should be given to the adoption of a system for the appropriation of resources similar to that for the regular budget. It believed that that proposal and its possible consequences should be carefully examined.

21. While it accepted that UNPROFOR was a unique operation and that it was important to avoid administrative rigidity, with its possible negative effects, his delegation remained concerned about the lack of transparency in the

implementation of budgetary controls. That applied also to the issue of purchase and procurement referred to in paragraph 20 of the Advisory Committee's report, and to the issue of civilian personnel. While it understood the legitimate apprehensions of the representative of the Department of Peace-keeping Operations, it drew attention to the concerns raised in paragraph 69 of the Advisory Committee's report on the adminstration and budgetary aspects of the financing of the United Nations peace-keeping operations (A/49/664), relating to the recruitment of civilian personnel. The issue required further examination before his delegation could take a stand, but it was already clear that there was a need for greater transparency.

22. Finally, in the light of the information provided by the Controller that contributions to UNPROFOR were $673 million in arrears, he hoped that a list of States with outstanding contributions could be circulated during the informal consultations.

23. Mr. SHARP (Australia) said that his delegation agreed with the representative of France concerning the need for the timely submission of documents. Had the representatives of the Secretary-General and ACABQ complied with the timetable, the Committee would have had a full week to consider the report of ACABQ (A/49/753).

24. His delegation wished to draw particular attention to the information contained in paragraph 18 of that report relating to administrative delays in the deployment of peace-keeping troops, and suggested that the matter should be taken up during the informal consultations on the item.

25. Mr. ORR (Canada) said that, after studying the Advisory Committee's report and consulting with its capital, his delegation shared the Secretary-General's concerns regarding the recommendation that the number of international contractual personnel should be limited to 1,500. He hoped that the conference room paper on the issue would be available before the draft resolution was finalized, in view of the impact which such a limitation could have on the performance of UNPROFOR. His delegation was also concerned about the recommendation to defer an amount of $55 million for procurement: it requested the Secretary-General to comment on the impact which that cut in procurement would have on the operation of UNPROFOR, if possible at the commencement of the informal consultations on the issue.

AGENDA ITEM 110: ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS WITH SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (A/49/588)

26. Ms. MILLS (Director, Financial Management Office, Department of Administration and Management), introducing the statistical report by the Administrative Committee on Coordination (ACC) on the budgetary and financial situation of organizations of the United Nations system (A/49/588), said that the report was the only one of its kind in that it aimed to consolidate in a single document information previously available only piecemeal in a number of other documents. The purpose of the report was to meet the wishes of Member States for a comprehensive overview of the data in question. The compilation of

the document had a side benefit in that it reduced the workload of those responsible for providing the data, since they would not now have to do that same work twice. Member States were invited to suggest additional data and other areas which could be included in future such reports.

27. The CHAIRMAN suggested that the Committee should take note of the report, which was of a purely informative nature.

28. It was so decided.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/49/633)

29. The CHAIRMAN drew attention to the report of the Secretary-General (A/49/633), which had been prepared pursuant to General Assembly decision 47/454, and suggested that it should be taken up in the informal consultations.

30. It was so decided.

AGENDA ITEM 114: UNITED NATIONS COMMON SYSTEM (continued) (A/C.5/49/L.7)

31. Ms. ROTHEISER (Austria), introducing the draft resolution contained in document A/C.5/49/L.7, said that the phrase "in this regard" should be inserted in section I, paragraph 1, after the words "Notes with regret".

32. The effect of the draft resolution would be to approve a 4.1 per cent increase in the base/floor salaries for staff in the Professional and higher categories with effect from 1 March 1995, and a 10.26 per cent increase in the levels of the children's and secondary dependant's allowances with effect from 1 January 1995, as well as other increases and adjustments as recommended by the International Civil Service Commission (ICSC).

33. The draft resolution also addressed the delicate issue of staff participation in the work of ICSC. She hoped that the request of the General Assembly to the parties concerned to review with all urgency how the consultative process of the Commission could best be furthered would bring about better understanding among those parties.

34. Following its longstanding request to ICSC to undertake a study of the application of the Noblemaire principle, the General Assembly would now request the Commission to proceed with its study with all urgency and to submit final recommendations at the earliest opportunity. She hoped that the study would be submitted during 1995 so that the common system could be a competitive employer at its fiftieth anniversary.

35. Draft resolution A/C.5/49/L.7, as orally revised, was adopted.

36. Mr. KUZNETSOV (Russian Federation) said that, although his delegation had shown flexibility in joining the consensus needed for the adoption of the resolution, it had serious reservations concerning the basis for the Commission's views on the education and dependency allowances. He hoped that

the views put forward by the Russian Federation during the informal consultations would be taken into account in future consideration of the issue and that ICSC would review its recommendations accordingly.

37. The CHAIRMAN said that he had received a letter from the President of the Federation of International Civil Servants' Associations (FICSA) dated 9 December 1994 with reference to draft resolution A/C.5/49/L.7. The letter stated that FICSA had, on various occasions, drawn attention to the technical flaws in the revised General Service salary methodologies which had not yet been addressed and, together with the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA), had expressed disappointment that the Commission had chosen not to confront the problem. In those representations, FICSA had explained why the staff in Geneva and Rome were not in a position to participate in a process which was recognized as imperfect by most of the players, including several members of the Commission itself.

38. The letter went on to state that while FICSA appreciated the understanding of the staff position displayed by Member States in the draft resolution, it perceived a lack of consistency in the request contained in section IV A, paragraph 1, urging "all parties concerned to participate in the surveys". The letter concluded by conveying the Federation's regret that it had been unable to participate in the salary survey process, since its participation would have lent credibility to a methodology which it had questioned and which would, in any event, be re-examined in the near future.

AGENDA ITEM 115: UNITED NATIONS PENSION SYSTEM (continued) (A/C.5/49/L.6)

39. Ms. EMERSON (Portugal), introducing the draft resolution contained in document A/C.5/49/L.6, said that it was a consensus text and that she recommended it for adoption by the Committee.

40. Mr. VARELA (Chile) said that his country, which was one of the Member States referred to in section VII, paragraph 5, of the draft resolution, was pleased to be able to inform the Committee, in accordance with the provisions of article II, section 7, of the Convention on the Privileges and Immunities of the United Nations, that the rates applicable to United Nations Joint Staff Pension Fund investments in Chile were currently showing a surplus.

41. Draft resolution A/C.5/49/L.6 was adopted.

The meeting rose at 4.45 p.m.